

percent in December 2011. Manitoba saw small job gains that left its unemployment rate essentially unchanged, while Saskatchewan's unemployment rate fell 0.3 percentage point to 5.2 percent at the end of 2011, with marginal changes in employment but a decrease in the participation rate.

The big winners in the employment picture in 2011 were Alberta and Ontario. Alberta created over 100,000 of new full-time jobs (with 99,300 new jobs overall) while its unemployment rate decreased from 5.6 percent in December 2010 to 4.9 percent in December 2011. Ontario gained 84,500 jobs, decreasing its unemployment rate by 0.5 percentage point to 7.7 percent by the end of the year. British Columbia also generated 32,600 new jobs, a significant gain, reducing its unemployment rate to 7.0 percent in December 2011, down from 7.6 percent in December 2010.

Jobs stagnated in the goods-producing sectors in 2011, which generated only 6,800 jobs, an increase of 0.2 percent. Job gains in the construction sector (up 35,800 jobs) and aggregate gains in forestry, fishing, mining, quarrying, oil and gas industries (up 25,200 jobs) were offset by the continued decline of employment in the manufacturing sector (down 48,600 jobs, a 2.7-percent decline) and the utilities sector (down 14,000 jobs, a 9.5-percent decline).

Over 96 percent of job creation took place in the service sector last year. Service-producing industries gained 183,100 jobs, amounting to a 1.4-percent gain in employment. Most of the gains took place in professional, scientific and technical services (up 79,500 jobs, a 6.2-percent expansion), accommodation and food services (up 65,400 jobs, a 6.2-percent increase) and health care and

social assistance (up 56,000 jobs, a 2.7-percent increase). Losses were also common, but less significant—finance, insurance, real estate and leasing lost 33,500 jobs; business, building and other support services lost 16,200 jobs; and transportation and warehousing services lost 15,700 jobs.

At the end of the year 2011, employment stood at 17.35 million, well above its 17.18 million pre-recession high in October 2008 with almost 180,000 new jobs created. While employment stagnated in the first two months of 2012, jobs growth returned in March with 82,300 new jobs, driving the unemployment rate down to 7.2 percent. Canada's participation rate suffered a hit during the recession that has yet to be corrected, although it was not nearly as pronounced as in the United States. The participation rate declined from about 67.5 percent during the 2007-2008 period to 66.8 percent by October 2009. After improving marginally to 67.1 percent by January 2011, the rate declined to 66.7 percent in December 2011—essentially unchanged from October 2009.

Inflation

Consumer prices rose 2.9 percent over the course of 2011, following an increase of 1.8 percent in 2010, as reflected by the basket of goods and services used by Statistics Canada in the calculation of its Consumer Price Index (CPI). Faster inflation in 2011 was largely due to higher prices for gasoline and food items. The 2011 increase was slightly higher than the annual average growth rates observed in the early 2000s. Prices rose in all eight major components during the year, with transportation and food continuing to post the largest increases. The rate of inflation was higher than last year in seven of the eight major components of the CPI.